



WILLOW GROVE PARK

PRESENTED TO ABINGTON TOWNSHIP ECONOMIC DEVELOPMENT COMMITTEE

9/24/2021

CURRENT STATE OF AFFAIRS

of tenants
134

Total mall GLA
1.2 million SF

Parking Ratio
4.4/1,000

2021 Tax
Contribution
~\$6.4 million

Existing jobs
1,800+

Like many enclosed malls, Willow Grove Park faces challenges unless it evolves

- The enclosed mall model of the 1980's is outdated and no longer serves the needs of its population.
- Over the course of the past decade, PREIT has led an effort to transform its properties to compete with a digital environment through the introduction of a variety of differentiated uses. At Willow Grove Park, this included the additions of The Cheesecake Factory, Yard House, Nordstrom Rack and a proposed new family entertainment destination.
- Retail bankruptcies and rationalization of store counts have led to occupancy and NOI declines whereby store closings have outpaced openings by a ratio of nearly 2:1 at the mall in the past 5 years despite investment.



EVOLUTION OF WILLOW GROVE PARK



2001 Expansion &
Renovation



2006-2012
Redevelopment of
Strawbridge's &
Remerchandising



2017/2018 Closure of
Bravo & JCPenney



2020 Studio Movie Grill
Bankruptcy

2022
Addition of Tilt



FACTS SUPPORTING PROPOSED DEVELOPMENT

- PREIT is seeking approval from Abington township for a 365 unit apartment building as part of its effort to reset the mall's future through continued transformation into a multi-use community untethered to retail variability.
- Willow Grove Park is key to the future economic vitality of Abington Township
 - This development will drive new business for retail and restaurants.
 - These additional units support growing demand for apartments: Willow Pointe & Station at Willow Grove leased ahead of schedule.
 - Residents support stability of the retail, dining and entertainment on site.
 - The mall could otherwise continue to lose value resulting in an inability to continue to invest or refinance the property upon mortgage expiration, which would have a negative ripple effect throughout the township including tax increases to residents if commercial businesses close.
 - A pedestrian-friendly, walkable community supports a more sustainable future for the township and its residents.
 - Create appeal for future residents and longevity and growth of Abington Township.
- The creation of a comprehensive community will preserve and enhance tax revenue, and jobs, ensure the vitality of a historic focal point in the community and drive increased sales within the various businesses by expanding the customer base.
- Drives future economic development & revitalization
 - Committing to a comprehensive economic development program will further benefit all residents and businesses.



WHY ADD APARTMENTS TO WILLOW GROVE PARK?

Create attractive and sustainable all-in-one environment

Enhance Tenant Mix by establishing the dominant retail destination in NE Philly suburbs

Raise Reinvestment Capital to solidify strong tenancy

Drive Sales through built-in foot traffic from residents

Avoid Foreclosure, a fate experienced by many peer properties



FUTURE STATE OF AFFAIRS

Incremental
jobs
>600

Incremental
Taxes*
> \$1.3 million
annually

Parking Ratio
3.9/1,000

of floors
5

Apartment Units
365
1 building

Developer
Investment**
>\$100 million



* Upon stabilization

**approximate value

WILLOW GROVE PARK

PREIT

LOCAL ECONOMIC IMPACT

TOWNSHIP IMPACTS

	Subtotals	Totals
Revenue		\$211,000 to 252,000
Property Tax	\$149,000- 190,000	
Earned Income Tax	\$61,000	
Local Service Tax	\$1,000	
Expenses		(\$168,000)
Administration	(\$33,000)	
Police	(\$102,000)	
Fire	(\$33,000)	
Net Change		\$92,000

SCHOOL DISTRICT IMPACTS

	Subtotals	Totals
Revenue		\$1,063,000 - 1,344,000
Property Tax	\$1,002,000	
Earned Income Tax	\$61,000	
Expenses		(\$231,000)
Net Change		\$832,000-1,113,000

SHORING UP THE FUTURE OF WILLOW GROVE PARK

Mall foreclosures are on the rise as property values declined and investment needs are increasing.

The sale of land adjacent to the mall will be used to fund a critical re-set of the Bloomingdale's box and support the redevelopment of the former JC Penney into an entertainment destination, firming up the future of this iconic property.

The screenshot shows the homepage of 'NORTH PENN NOW' community news. At the top, there are several banners: 'Career Training for Adults', 'TASTING NOTES', 'BROWS BY BREE', and a 'CLICK HERE for more information' button. Below these is a navigation bar with links for ABOUT US, CONTACT US, LOGIN, and a search bar. The main headline reads 'Montgomery Mall in Foreclosure After \$118 Million Loan Default, Judge Directs Mall to Be Sold' by Tony Di Domizio, dated Wednesday, July 21, 2021, at 1:27 PM. The article text states that Montgomery Mall is in foreclosure and that the future of the 1.1-million-square-foot property is uncertain. It mentions a \$118.78 million judgment against the mall's owner, Simon Property Group, and that the mall is being sold to satisfy the loan. A drone view of the mall is included, showing its large parking lot and surrounding area. To the right of the article is a sidebar with a 'Working For You!' advertisement for Steve Malagari, a State Representative, and an advertisement for 'HENNING'S TRAINS' and 'The Great American Train Shop'.

White Marsh Mall (Baltimore, MD)



According to July servicer data, the value of the collateral behind the \$190 million [White Marsh Mall](#) loan was cut recently from \$300 million at securitization to \$124 million this month. The loan was slated to mature in May 2021.

The loan is split into two pieces which include a \$110 million piece that makes up 9.66% of [WFRBS 2013-C14](#) and an \$80 million piece that comprises 7.65% of [WFCM 2013-LC12](#). The latter is part of CMBX 7.

The collateral contains a little over 700,000 square feet in a Baltimore, MD regional mall